

Division of Oil and Gas
Indiana Government Center South
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MEMORANDUM 2006-3

To: All Indiana Oil and Gas Operators
From: Herschel McDivitt, Director
Date: June 6, 2006
Subject: New Well Testing Agreement Form

In the past, the Division has authorized persons to perform limited "testing" operations on abandoned or un-permitted oil or gas wells without first obtaining a permit for the purpose of determining whether the well has the potential for future production. Such testing activities often assist with determining whether to permit the well and return it to active operation. This is a reasonable procedure and one the Division of Oil and Gas supports in order to encourage operators to assume responsibility for these old wells where there is future production potential. However, until now our procedures for allowing such testing have been largely unwritten and subject to potential misunderstanding as to the type of activities that will be conducted and the period of time for conducting the tests. To that end, we have developed a *Well Testing Agreement* form to use for these activities.

Our intent is that this Agreement must be used anytime an operator wishes to investigate an abandoned or un-permitted well for testing purposes such as, but not limited to, running logs, inspecting the condition of casing or tubing, performing blow-down tests or any other activity where the operator assumes a degree of physical control over the well for testing purposes. Written requests to perform such activities shall be submitted to the Division of Oil and Gas and be accompanied by a brief description of the following:

- the types of testing to be performed;
- the specific wells involved; and
- the time period proposed for the testing and all other activity that may be associated with the operations.

Following receipt of a sufficiently complete request, the Division would authorize the activity by preparing the attached Agreement for signature by the operator and the Division of Oil and Gas. We will begin using this process immediately.

Questions regarding this document or the well testing process can be directed to Jim AmRhein, jamrhein@dnr.in.gov, phone (317) 232-6961, Mary Estrada, mestrada@dnr.in.gov, phone (317) 233-0933, or to me, hmcdivitt@dnr.in.gov, phone (317) 232-4058.



**STATE OF INDIANA
DIVISION OF OIL AND GAS**

WELL TESTING AGREEMENT

Name of Company:	
Address:	

WHEREAS Indiana Code 14-37-4-1 requires persons drilling, deepening, operating, or converting any well for oil and gas purposes to first obtain a permit issued by the Division of Oil and Gas;

AND it is in the best interests of the State of Indiana that abandoned or unpermitted wells capable of continued production of oil and/or natural gas be returned to active production and properly maintained;

AND that Name of Company is interested in performing certain testing activities on abandoned or unpermitted wells that it believes may have the potential for economical production of oil and/or natural gas;

AND FURTHER that such testing activity is necessary before Name of Company can make a determination as to whether to permit and operate the wells under Indiana Code 14-37;

NOW, THEREFORE, Name of Company desires to voluntarily enter into this Agreement with the Indiana Department of Natural Resources (Department), Division of Oil and Gas (Division), thereby committing to conduct said testing activity in accordance with the plan and schedule previously submitted to the Division and also according to the following terms and conditions:

1. The wells incorporated into this Agreement include the following:

Permit #	Lease Name	Well #	Section	Twp.	Range	County

2. The term of this Agreement shall be a period of days or months expiring , , 200 .
3. Name of Company agrees that upon initiation of testing activities under this Agreement, it becomes a Responsible Party as that term is used in Indiana Code 14-37 and subject to all obligations and responsibilities thereto with respect to each well upon which testing activity has been conducted.
4. All activities under this Agreement shall be in conducted in compliance with applicable provisions of Indiana Code 14-37 and 312 IAC 16;
5. Operations under this Agreement shall be conducted so as to ensure that all oil, natural gas, and other production fluids discharged or removed from the well during testing activities are properly controlled and not discharged onto the ground or uncontrollably into the atmosphere so as to constitute waste as defined in 312 IAC 16-1-50, or which would result in fresh water pollution, fires, or unreasonably detrimental effects upon fish, wildlife, and botanical resources;
6. No production or sale of oil or natural gas is permitted under this Agreement except for de minimus amounts that may be generated during normal testing activities and which are reported to the Division within 30 days of production or sale.
7. Name of Company understands that this Agreement does not convey any rights of entry upon private property and that it has obtained, or will obtain, access agreements from all landowners upon whose property said testing activities will be conducted including ingress to and egress from the wells.

8. Except as may be otherwise indicated in the plan and schedule previously submitted, no physical alterations shall be performed to the well or to the wellhead, nor shall any existing casing or tubing be removed from or replaced in any well under this Agreement without prior approval from the Division. During testing procedures, repairs or alterations which, in the judgment of the operator, are necessary to maintain control of the well or to ensure protection of public health or safety may be made by the operator without prior approval from the Division providing a Division representative is notified as soon as practicable following the alteration or repair of the well.
9. Within 30 days after completion of testing activities, all wastes and other debris generated by the testing activities shall be removed from the site and properly disposed, and all surface areas disturbed under this Agreement stabilized and restored as much as practicable to their prior condition.
10. Upon completion of testing activities, Name of Company shall make a determination as to whether it intends to permit any of the wells tested under this Agreement. All information obtained from the testing activities on any well shall be provided to the Division upon request, unless Name of Company chooses to permit the well for oil and gas purposes within 90 days of the expiration of this Agreement.
11. This Agreement may be revoked at any time by the Division for failure to comply with the terms and conditions herein. Failure to comply with the terms and conditions of this Agreement may result in the issuance of a Notice of Violation of IC 14-37-12-2 by the Division for failure to comply with applicable provisions of Indiana Code 14-37 or 312 IAC Article 16.

ACCEPTED AND AGREED TO this day of , 2006.	
Signature and title of operator or authorized agent: _____	For: Company Name

Accepted by Division of Oil & Gas _____ Herschel L. McDivitt, Director	Date signed:
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